

# EXAMINER'S BANKING PRACTICES SURVEY

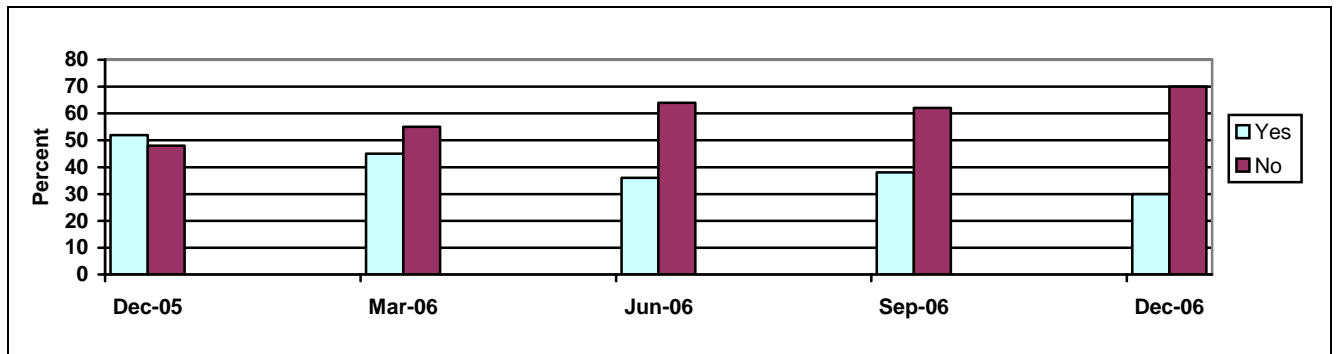
Fourth Quarter 2006

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Fourth Quarter 2006** results are compiled from **20** responses.

## LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "*Significantly*" means growth of 20% or more.



Of yes responses:

Loan Type	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06
RE/Const/Land Devel	31%	21%	27%	26%	38%
RE/Agricultural	15%	18%	23%	16%	0%
RE/Commercial/Indust	23%	18%	11%	21%	31%
RE/Residential	10%	14%	11%	5%	13%
Agricultural	8%	11%	11%	11%	6%
Commercial/Industrial	8%	18%	17%	16%	6%
Consumer	5%	0%	0%	5%	6%

2. Is the institution active in making the following types of loans?

	Mar-06		Jun-06		Sep-06		Dec-06	
	Yes 0%	No 100%	Yes 7%	No 93%	Yes 13%	No 87%	Yes 0%	No 100%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	0%		0%		0%		0%	
Dealer paper	0%		100%		100%		0%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		0%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

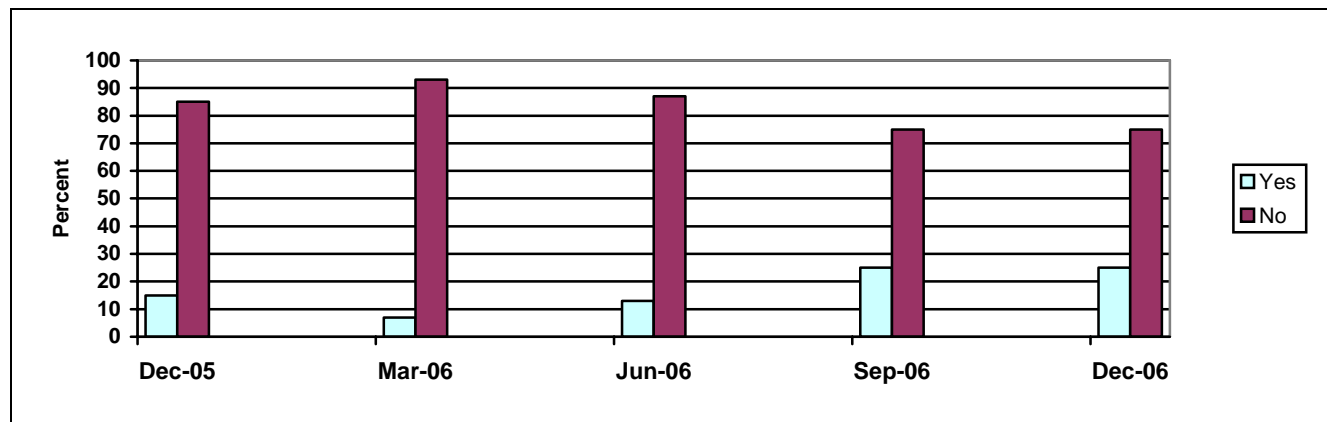
	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06
Yes	0%	0%	10%	4%	5%
No	100%	100%	90%	96%	95%

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4. Does the institution use credit scoring models for loan decisions?

	Mar-06		Jun-06		Sep-06		Dec-06	
	Yes 3%	No 97%	Yes 13%	No 87%	Yes 8%	No 92%	Yes 15%	No 85%
Of Yes Responses - Loan type								
Credit card	20%		12%		0%		13%	
Consumer	20%		44%		40%		25%	
Residential mortgage	20%		22%		40%		38%	
Small business	20%		22%		20%		12%	
Other	20%		0%		0%		12%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06
Making collateral based loans?	25%	33%	44%	44%	31%
Reduced collateral margins?	13%	0%	12%	0%	15%
Not requiring cash flow projections?	25%	34%	22%	44%	23%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	13%	0%	22%	12%	15%
Waiving guarantees or other documentation?	13%	33%	0%	0%	8%
Other	11%	0%	0%	0%	8%

6. Describe potential risk in current underwriting practices for:

	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06
<b>Agricultural Loans</b>					
Minimal	76%	90%	74%	88%	90%
Moderate	24%	10%	23%	12%	10%
Substantial	0%	0%	3%	0%	0%
<b>Commercial Loans</b>					
Minimal	67%	68%	61%	54%	75%
Moderate	33%	29%	32%	46%	20%
Substantial	0%	3%	7%	0%	5%
<b>Consumer Loans</b>					
Minimal	88%	87%	74%	92%	80%
Moderate	12%	13%	26%	8%	20%
Substantial	0%	0%	0%	8%	0%
<b>Residential Loans</b>					
Minimal	76%	84%	77%	92%	80%
Moderate	24%	16%	23%	8%	15%
Substantial	0%	0%	0%	0%	5%

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7. Differences between actual lending practices and written policies are:

	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06
<b>Agricultural Loans</b>					
Minimal	97%	87%	94%	88%	100%
Moderate	3%	13%	3%	8%	0%
Substantial	0%	0%	3%	4%	0%
<b>Commercial Loans</b>					
Minimal	76%	84%	81%	79%	80%
Moderate	24%	13%	16%	17%	15%
Substantial	0%	3%	3%	4%	5%
<b>Consumer Loans</b>					
Minimal	94%	90%	84%	92%	90%
Moderate	6%	10%	16%	4%	10%
Substantial	0%	0%	0%	4%	0%
<b>Residential Loans</b>					
Minimal	85%	93%	93%	96%	85%
Moderate	15%	7%	7%	4%	10%
Substantial	0%	0%	0%	0%	5%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06
<b>Carryover Debt</b>					
Minimal	85%	90%	77%	88%	80%
Moderate	15%	10%	23%	12%	20%
Substantial	0%	0%	0%	0%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	85%	84%	87%	88%	90%
Moderate	12%	10%	13%	12%	10%
Substantial	3%	6%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	76%	74%	84%	75%	80%
Moderate	21%	19%	16%	25%	20%
Substantial	3%	7%	0%	0%	0%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

	Mar-06		Jun-06		Sep-06		Dec-06	
No. Banks with Inc/(Dec) in ratio (%)	+	57%	-	43%	+	71%	-	29%
Average Inc/(Dec) in Ratio		6.4		(8.3)		5.3		(5.2)
<b>Cause of Increase</b>								
Eased underwriting standards		4%		5%		11%		14%
Deterioration in new loans		24%		19%		4%		14%
Deterioration in older loans		60%		48%		61%		50%
Participations or out-of-territory		4%		0%		0%		0%
Economic conditions		8%		5%		8%		9%
Changes in lending personnel		0%		0%		0%		9%
New types of lending activity		0%		0%		8%		4%
Other		0%		23%		8%		0%

10. Estimate loan classifications at this examination into the following types:

Loan Type	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06
RE/Const/Land Development	25%	15%	4%	11%	32%
RE/Agriculture	3%	7%	2%	2%	3%
RE/Commercial/Industrial	25%	30%	54%	49%	26%
RE/Residential	26%	14%	11%	19%	15%
Agricultural	3%	1%	1%	1%	1%
Commercial/Industrial	12%	27%	25%	15%	18%
Consumer	6%	6%	3%	3%	5%

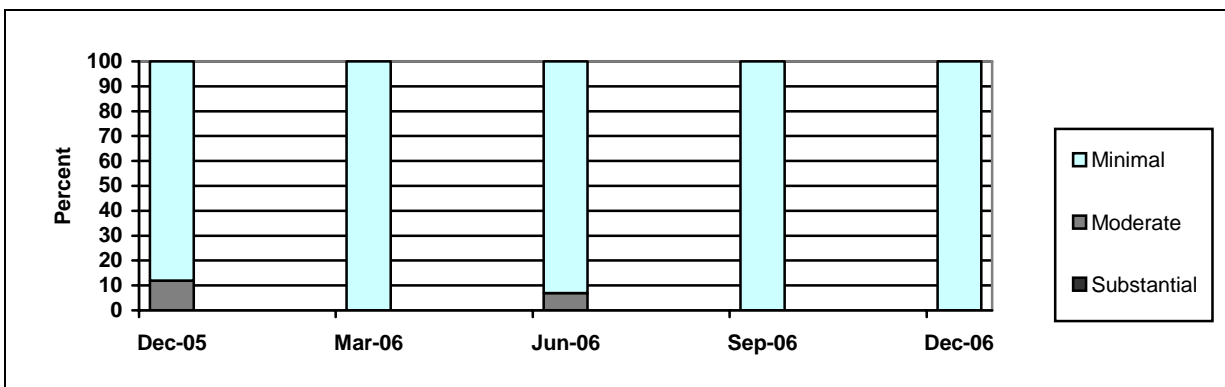
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## INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06
Yes	0%	0%	0%	0%	0%
No	100%	100%	100%	100%	100%

12. Differences between actual investment practices and written policies are:



## OTHER

13. Has the bank established a borrowing line with FHLB?

	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06
Yes	73%	81%	58%	75%	90%
No	27%	19%	42%	25%	10%
If yes, does the bank actively borrow from the FHLB?					
Yes	75%	76%	89%	72%	83%
No	25%	24%	11%	28%	17%

14. Does the bank hold off-balance sheet derivatives?

	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06
Yes	0%	0%	10%	8%	10%
No	100%	100%	90%	92%	90%

15. List nontraditional activity the institution is engaged in.

	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06
Yes	70%	84%	81%	83%	85%
No	30%	16%	19%	17%	15%
Of those that do:					
Nondeposit Investment Sales	23%	28%	19%	29%	19%
Insurance Sales	17%	7%	10%	7%	5%
Real Estate Loan Secondary Market Sales	21%	26%	21%	19%	27%
Non-transactional Web Site	9%	4%	6%	10%	8%
Transactional Web Site	26%	33%	44%	33%	41%
Other	4%	2%	0%	2%	0%